

**GENERAL POLICY ON DEDUCTIONS FROM ROYALTIES
AND FROM ANY INCOME ARISING FROM THE INVESTMENT OF ROYALTIES**

(adopted by the General Assembly and came into effect on December 12, 2017)

Defined terms have the meaning set out in the AGICOA By-Laws, unless otherwise stated herein.

1. AGICOA shall charge, deduct or offset from royalties and from any income arising from the investment of royalties:
 - a. The justified and documented management costs accruing for the management of rights, including the collection and the distribution of royalties (referred to as “Management Fees”);
 - b. The other non-budgeted costs incurred in the course of business of AGICOA wherever applicable, as approved by the Administrative Board (referred to as “Other Deductions”) such as but not limited to:
 - (i) compulsory taxes and contributions;
 - (ii) cultural and social funds only when required by applicable law;
 - (iii) class payments;
 - (iv) provisions for distribution errors or omissions;
 - (v) any interest on royalties other than accrued between collection and first distribution;
 - (vi) other unforeseen costs.
2. The Management Fees and the Other Deductions shall be reasonable, based on objective criteria and in relation to the services provided by AGICOA.
3. Prior to the commencement of each financial year, the Administrative Board shall submit for approval to the General Assembly all reasonable projected Management Fees to be incurred by AGICOA during the year, as part of the annual budget.
4. Variances against annual budget shall be decided exclusively by the Administrative Board.
5. All Declarants shall be made aware of the terms of this Policy before giving their consent to AGICOA for managing their rights.
6. Specific information regarding the Management Fees and Other Deductions shall be provided in the annual transparency report.